



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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WILLIAM T FUJIOKA
Chief Executive Officer

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October 18, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN COUNTY OF LOS ANGELES AND LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY CONCERNING TRANSIT FUNDING (ALL DISTRICTS AFFECTED) (3 VOTES)

SUBJECT

The County of Los Angeles (County) and the Los Angeles County Metropolitan Transportation Authority (MTA) desire to collaborate by executing a Memorandum of Understanding (MOU) to establish a resolution process for transit funding, consistent with recent State law changes, that will allow MTA to pursue an administrative process and receive the benefit of administrative penalties permitted to be enforced and collected by the MTA in order to offset its administrative costs.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and delegate authority to the Chief Executive Officer to execute the attached MOU between the County and MTA, effective the day after Board approval, allowing the MTA to receive the benefit of all penalties permitted to be enforced and collected by the MTA's administrative process.
2. Instruct the Auditor-Controller to take necessary steps to execute the County's obligations under the enclosed agreement.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In 2007, the State Legislature amended California Penal Code section 640 and added section 99580 of California Public Utilities Code granting MTA and the City and County of San Francisco the option to enact an ordinance providing for an administrative remedy for the violation of certain acts listed in Penal Code Section 640, authorizing the imposition and enforcement of administrative penalties for said violation.

Section 99580 (c)(4) of the Public Utilities Code reflects the transit funding realities in San Francisco where the law enforcement, transportation authority, and agency imposing and enforcing the administrative penalty are departments within the City and County of San Francisco. This Code also provides that all administrative penalties permitted to be enforced and collected by the processing agency shall be deposited in the general fund of the City and County of San Francisco.

Section 99580(c)(5) of the Public Utilities Code pertains to penalties collected by MTA. The language of the Code presumes the circumstances in Los Angeles County are the same as those in San Francisco and requires the administrative penalties collected be deposited in the general fund of Los Angeles County. However, MTA is not a department within the County and provides law enforcement, all administrative processing of administrative penalties, and will impose and enforce said penalties, at its expense. Therefore, MTA should receive the benefit of the penalties in order to offset its administrative costs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This action supports the County's Strategic Plan Goal of Operational Effectiveness: Ensure that service delivery systems are efficient, effective, and goal-oriented.

FISCAL IMPACT/FINANCING

The proposed MOU has no net County cost impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The approval of the proposed MOU will allow the MTA to pursue an administrative process and receive the benefit of all penalties permitted to be enforced and collected by the MTA in order to offset its administrative costs.

According to the proposed MOU, once a month the MTA will deposit the prior month's penalty amounts collected by them via an Automated Clearing House Electronic Funds

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Transfer to an account designated by the County. The County will credit the deposits received to the MTA Transit Court account and within the designated time frame will remit the exact amount back to the designated MTA account.

The cost for these automated transactions is insignificant and therefore, the County waives any claim to the money collected by the MTA.

The MOU has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the proposed MOU with the MTA will ensure compliance with Section 99580 of the Public Utilities Code.

CONCLUSION

Upon approval by your Board, please return one stamped adopted copy of the letter to the Chief Executive Office.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:EFS
GS:cg

Attachment

c: Executive Office, Board of Supervisors
Auditor-Controller
County Counsel
Los Angeles County Metropolitan Transportation Authority
Treasurer and Tax Collector

**MEMORANDUM OF UNDERSTANDING BY AND BETWEEN
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
AND THE COUNTY OF LOS ANGELES**

This Memorandum of Understanding ("MOU") is made and entered into as of _____, 2011 by and between the Los Angeles County Metropolitan Transportation Authority, a public agency existing under the authority of the laws of the State of California, ("LACMTA") and the County of Los Angeles, a political subdivision of the State, ("County") also individually referred to as "a Party" and collectively referred to as the "Parties."

RECITALS

- A. Whereas effective January 1, 2007, California Penal Code section 640 was amended and section 99580 of California Public Utilities Code was added, granting LACMTA and the City and County of San Francisco the option to enact an ordinance providing for an administrative remedy for the violation of certain acts listed in Penal Code section 640, authorizing the imposition and enforcement of administrative penalties for said violation.
- B. LACMTA adopted such an ordinance on July 22, 2010, as Title 6, Chapter 6-05 of the LACMTA Administrative Code ("Ordinance"). The Ordinance is effective as of October 31, 2011;
- C. The Ordinance allows certain prohibited acts listed in Penal Code section 640 to be resolved through a civil administrative process and includes the following prohibited acts by adult passengers in a LACMTA system facility or on a LACMTA vehicle:
 - (1) Smoking, eating, or drinking;
 - (2) Disturbing another person by loud or unreasonable noise;
 - (3) Expectorating;
 - (4) Skateboarding, roller skating, or bicycle riding; or
 - (5) Evasion of the payment of a fare of the system.
- D. Section 99580(c)(4) of the Public Utilities Code was drafted and reflects the transit funding realities in San Francisco where the law enforcement, transportation authority, and agency imposing and enforcing the administrative penalty are departments within the City and County of San Francisco. Accordingly, Section 99580(c)(4) provides that all administrative penalties permitted to be enforced and collected by the processing agency shall be deposited in the general fund of the City and County of San Francisco.

Public Utilities Code Section 99580(c)(5) pertains to penalties collected by LACMTA. The language of Section 99580(c)(5) presumes the circumstances in

Los Angeles County are the same as those in San Francisco and requires the administrative penalties collected be deposited in the general fund of Los Angeles County. LACMTA is not a department within the County. LACMTA provides law enforcement, all administrative processing of administrative penalties, and will impose and enforce said penalties, at its expense. Thus, LACMTA should receive the benefit of the penalties in order to offset its administrative costs.

AGREEMENT

1. LACMTA or its agent shall, on the 15th day of each month or the following County business day in the event the 15th day falls on a non-business day, deposit the prior month's penalty amounts collected by LACMTA or its agent, less any amounts returned to a cited person whose citation is dismissed in said month, in connection with the enforcement of Penal Code section 640 violations pursuant to LACMTA's Ordinance authorized under Public Utilities Code section 99580 et seq. LACMTA shall remit the funds via an Automated Clearing House Electronic Funds Transfer to an account designated by the County. The County shall credit the deposits received by LACMTA or its agent to a County account, the MTA Transit Court account, and designate the account as interest bearing.
2. The County shall, within 10 business days from the date LACMTA deposits the amount described in Paragraph 1, remit to LACMTA from the MTA Transit Court account the exact amount back to a bank account designated by the LACMTA. Any interest earnings from the LACMTA Transit Court account will be remitted annually to LACMTA.
3. The County waives any claim to any money collected by LACMTA or its agents as a result of LACMTA's or its agent's citation enforcement, processing, collection, or the administrative hearings under the Ordinance that are not related to Penal Code section 640 violations or penalty amounts not required by law to be paid to the County;
4. The County shall not be responsible for the payment of any costs for citation enforcement, processing, collection or administrative hearings described in the LACMTA Ordinance;
5. Miscellaneous Provisions:
 - a. Amendments. No amendment, modification, consent or waiver to any provision of this MOU shall be effective or binding upon the Parties unless the same shall be in writing and executed by a duly authorized representative of each respective Party. This MOU shall not be amended by oral agreement or by acts of the Parties unless and until confirmed in writing as set forth herein;

- b. Successors & Assigns. The agreements in this MOU shall inure to the benefit of, and shall be binding upon, each of the Parties and their respective successors and assigns provided however neither party shall assign this MOU or any interests, rights or obligations hereunder without the prior written consent of the other with consent not to be unreasonably withheld;
- c. Counterparts. The MOU may be executed in counterpart with the same effect as if the signatures thereto and hereto were on the same instrument;
- d. Further Actions. The Parties shall develop and execute any other documents, resolutions, legislation, policies or procedures as may be necessary to carry out the provisions and intent of this MOU;
- e. Expenses & Costs. Unless specifically provided for elsewhere in this MOU, each Party will bear all costs and expenses incurred by it in connection with this MOU and transactions contemplated herein, including legal fees, vendor processing fees, accounting fees, transaction or transfer fees, bank fees, and taxes which are or may be imposed upon that Party based upon its activities hereunder;
- f. Notices. All notices, requests and other communications pursuant to this MOU shall be in writing, either by letter (delivered by hand) or commercial messenger service or sent by certified mail, return receipt requested, postage prepaid, or by telecopy (fax), and addressed as follows:

If to MTA: Los Angeles County Metro
 One Gateway Plaza, MS 99-25-7
 Los Angeles, CA 90012
 Attention: Chief Financial Officer
 Tel: (213) 922-6000

If to County: Los Angeles County
 Hall of Administration
 500 W. Temple Street
 Los Angeles, CA 90012
 Attention: Connie Yee, Chief
 Auditor-Controller
 Tel: (213) 974-8321

The addresses and persons to whose attention notices may be directed is and may be subject to change by written notice to the Parties as provided in this MOU.

- g. Entire Agreement: This MOU constitutes the entire agreement between the Parties with respect to the subject matter of this MOU and supersedes all prior and contemporaneous agreements or understandings.

- h. Governing Law: This MOU shall be governed by, interpreted under and construed and enforced in accordance with the laws of the State of California.
- i. Term of the Agreement: This MOU shall remain in effect so long as the law requires the penalty amounts collected by MTA or its agents to be deposited in the general fund of the County.

IN WITNESS WHEREOF, the Parties hereto have cause this Memorandum of Understanding to be executed and delivered as of the date first written above.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

By: _____ Date: _____, 2011
Arthur T. Leahy
Chief Executive Officer

COUNTY OF LOS ANGELES

By: _____ Date: _____, 2011
William T Fujioka
Chief Executive Officer

APPROVED AS TO FORM

By: _____ Date: _____, 2011
Deputy County Counsel